

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-02060A  
Cordes Lakes Water Company  
P. O. Box 219  
Tempe AZ 852800219

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2002
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FOR COMMISSION USE

ANN 04	02
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*Ex 70000  
4-8-03  
6:10  
(2002  
Annual report  
discontinued  
C.M.*

## COMPANY INFORMATION

Company Name (Business Name) CORDES LAKES WATER COMPANY

Mailing Address P.O. BOX 219

TEMPE

(City)

ARIZONA

(State)

85280

(Zip)

480-966-5804

Telephone No. (Include Area Code)

480-967-7857

Fax No. (Include Area Code)

-

Pager/Cell No. (Include Area Code)

Email Address \_\_\_\_\_

Local Office Mailing Address \_\_\_\_\_

(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address NFOLK5804@QWEST.NET

## MANAGEMENT INFORMATION

Management Contact: NEIL FOLKMAN

(Name)

SECRETARY

(Title)

P.O. BOX 219

(Street)

TEMPE

(City)

ARIZONA

(State)

85280

(Zip)

480-966-5804

Telephone No. (Include Area Code)

480-967-7857

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address NFOLK5804@QWEST.NET

On Site Manager: REX MITCHELL

(Name)

P.O. BOX 219

(Street)

TEMPE

(City)

ARIZONA

(State)

85280

(Zip)

480-966-5804

Telephone No. (Include Area Code)

480-967-7857

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address \_\_\_\_\_

Statutory Agent: NEIL FOLKMAN

(Name)

2501 E. PALO VERDE DR. PHOENIX

(Street)

(City)

ARIZONA

(State)

85016

(Zip)

602-956-1690

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: NONE

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) \_\_\_\_\_

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☒ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME *CORDES LAKES WATER COMPANY*

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	<i>53,815</i>	<i>- 0 -</i>	<i>53,815</i>
304	Structures and Improvements	<i>138,080</i>	<i>87,071</i>	<i>51,009</i>
307	Wells and Springs	<i>553,352</i>	<i>320,036</i>	<i>233,316</i>
311	Pumping Equipment	<i>612,486</i>	<i>326,271</i>	<i>286,216</i>
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	<i>840,591</i>	<i>545,608</i>	<i>294,983</i>
331	Transmission and Distribution Mains	<i>1,230,487</i>	<i>1,181,081</i>	<i>49,406</i>
333	Services			
334	Meters and Meter Installations	<i>601,019</i>	<i>386,209</i>	<i>214,810</i>
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	<i>189,485</i>	<i>92,609</i>	<i>96,876</i>
340	Office Furniture and Equipment	<i>17,350</i>	<i>2,098</i>	<i>15,253</i>
341	Transportation Equipment	<i>99,725</i>	<i>22,776</i>	<i>76,949</i>
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment	<i>2,249</i>	<i>289</i>	<i>1,960</i>
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<i>4,338,639</i>	<i>2,964,048</i>	<i>1,374,593</i>

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME *CORDES LAKES WATER COMPANY*

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	<i>53,815</i>	<i>- 0 -</i>	<i>- 0 -</i>
304	Structures and Improvements	<i>138,080</i>	<i>5</i>	<i>6,540</i>
307	Wells and Springs	<i>553,352</i>	<i>5</i>	<i>27,297</i>
311	Pumping Equipment	<i>612,486</i>	<i>5</i>	<i>30,240</i>
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	<i>840,591</i>	<i>5</i>	<i>40,184</i>
331	Transmission and Distribution Mains	<i>1,230,487</i>	<i>5</i>	<i>3,166</i>
333	Services			
334	Meters and Meter Installations	<i>601,019</i>	<i>5</i>	<i>30,051</i>
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	<i>189,485</i>	<i>5</i>	<i>8,874</i>
340	Office Furniture and Equipment	<i>17,350</i>	<i>5</i>	<i>868</i>
341	Transportation Equipment	<i>99,725</i>	<i>5</i>	<i>4,986</i>
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment	<i>2,249</i>	<i>5</i>	<i>112</i>
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<i>4,338,639</i>		<i>152,318</i>

This amount goes on Comparative Statement of Income and Expense \_\_\_\_\_  
Acct. No. 403.

COMPANY NAME	CORDES LAKES WATER COMPANY
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## BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 168,409	\$ 224,108
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 168,409	\$ 224,108
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 4,239,904	\$ 4,338,639
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	2,811,730	2,964,048
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 1,428,174	\$ 1,374,592
	<b>TOTAL ASSETS</b>	\$ 1,596,583	\$ 1,598,700

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

### BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)	23,366	27,481
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	117,583	108,664
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 140,949	\$ 136,145
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	17,800	17,800
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	75,880	65,584
272	Less: Amortization of Contributions	< 5,611 >	< 5,611 >
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 88,069	\$ 77,773
	<b>TOTAL LIABILITIES</b>	\$ 229,018	\$ 213,918
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 100,000	\$ 100,000
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	1,267,565	1,148,637
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$	\$
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 1,596,583	\$ 1,598,700

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

<b>Acct. No.</b>	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>CURRENT YEAR</b>
461	Metered Water Revenue	\$ <i>1,507,253</i>	\$ <i>1,560,248</i>
460	Unmetered Water Revenue		
474	Other Water Revenues	<i>5,611</i>	<i>5,611</i>
	<b>TOTAL REVENUES</b>	\$ <i>1,512,864</i>	\$ <i>1,565,859</i>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ <i>426,564</i>	\$ <i>425,442</i>
610	Purchased Water		
615	Purchased Power	<i>159,258</i>	<i>151,389</i>
618	Chemicals	<i>4,250</i>	<i>5,780</i>
620	Repairs and Maintenance	<i>40,291</i>	<i>57,722</i>
621	Office Supplies and Expense	<i>43,730</i>	<i>47,190</i>
630	Outside Services	<i>156,559</i>	<i>172,635</i>
635	Water Testing	<i>9,590</i>	<i>14,610</i>
641	Rents	<i>57,050</i>	<i>52,475</i>
650	Transportation Expenses	<i>23,417</i>	<i>18,674</i>
657	Insurance – General Liability	<i>10,961</i>	<i>17,680</i>
659	Insurance - Health and Life	<i>24,639</i>	<i>37,571</i>
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	<i>229,935</i>	<i>217,430</i>
403	Depreciation Expense	<i>147,381</i>	<i>152,318</i>
408	Taxes Other Than Income	<i>85,744</i>	<i>95,550</i>
408.11	Property Taxes	<i>59,437</i>	<i>69,454</i>
409	Income Tax	<i>0</i>	<i>-</i>
	<b>TOTAL OPERATING EXPENSES</b>	\$ <i>1,478,806</i>	\$ <i>1,530,949</i>
	<b>OPERATING INCOME/(LOSS)</b>	\$	\$ <i>34,910</i>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ <i>3,392</i>	\$ <i>696</i>
421	Non-Utility Income	<i>33,376</i>	<i>12,397</i>
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	<i>&lt; 24,982 &gt;</i>	<i>&lt; 23,480 &gt;</i>
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ <i>11,784</i>	\$ <i>&lt; 10,387 &gt;</i>
	<b>NET INCOME/(LOSS)</b>	\$ <i>45,844</i>	\$ <i>24,523</i>



COMPANY NAME *CORDES LAKES WATER COMPANY*

**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ <u><i>68,974</i></u>
Meter Deposits Refunded During the Test Year	\$ <u><i>21,400</i></u>

COMPANY NAME

CORDES LAKES WATER COMPANY

WATER COMPANY PLANT DESCRIPTIONWELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
SEE ATTACHED						

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	11	9	4
7.5	8		
10	12		
15	8		
25	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
18K	3	3000	5
30K	1	5000	20
19K	3	6000	1
40K	8		
60K	3		
100K	6		

ADWR-ID NUMBER	UNIT & LOT	PUMP H.P.	PUMP YLD GPM	CASING SIZE INCHES	METER SIZE INCHES
55-609343	VV1-4	5	70	8	2
55-609342	VV1-36	7 1/2	100	12/10	3
55-609340	VV3-1286	25	142	8	3
55-609339	VV3-944	20	154	8	3
55-500663	VV2-456	20	130	10	3
55-555560	VV2-695	15	121	10	3
55-609337	VV4-C	15	125	10	3
55-609338	VV4-1708	10	73	8	3
55-513042	VV5-1871	10	105	10	3
55-609335	VV6-2876	7 1/2	60	8	3
55-609336	VV6-2683	25	131	8	3
55-507639	VV7-3470	25	165	10	3
55-609334	VV8-4384	20	20	8	3
55-518871	VV7-3238	25/25	395	14	3/3
55-528744	VV8-4206	100	373	12	4
55-565855	CL2-405	7 1/2	90	10	3
55-609346	CL4-970	7 1/2	110	12	3
55-609234	CL4-834	7 1/2	20	6	2
55-609347	CL7-2378	7 1/2	110	12	3
55-518196	CL8-2935	7 1/2	120	8	3

COMPANY NAME CORDES LAKES WATER COMPANY

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4	PVC	327,100
5		
6	PVC	447,800
8		
10		
12		
6"	DI	1,260

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	4,792
1	21
1 1/2	
2	8
Comp. 3	
Turbo 3	12
Comp. 4	
Tubo 4	13
Comp. 6	1
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

CHLORINATORS AT MOST WELL SITES

STRUCTURES:

PUMP HOUSES CONCRETE BLOCK OR  
WOOD AT EACH WELL SITE.

OTHER:

COMPANY NAME: *CORDES LAKES WATER COMPANY*

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	<i>4750</i>	<i>27,679</i>	<i>27,679</i>
FEBRUARY	<i>4749</i>	<i>23,513</i>	<i>23,513</i>
MARCH	<i>4762</i>	<i>26,438</i>	<i>26,438</i>
APRIL	<i>4763</i>	<i>34,206</i>	<i>34,206</i>
MAY	<i>4750</i>	<i>39,890</i>	<i>39,890</i>
JUNE	<i>4759</i>	<i>49,854</i>	<i>49,854</i>
JULY	<i>4790</i>	<i>52,403</i>	<i>52,403</i>
AUGUST	<i>4793</i>	<i>46,722</i>	<i>46,722</i>
SEPTEMBER	<i>4809</i>	<i>43,739</i>	<i>43,739</i>
OCTOBER	<i>4826</i>	<i>32,010</i>	<i>32,010</i>
NOVEMBER	<i>4812</i>	<i>29,254</i>	<i>29,254</i>
DECEMBER	<i>4806</i>	<i>25,566</i>	<i>25,566</i>
TOTAL		N/A	<i>431,273</i>

*431,273*

Is the Water Utility located in an ADWR Active Management Area (AMA)?

( ) Yes      (X) No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes      (X) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. \_\_\_\_\_ mg/l

(If more than one well, please list each separately)

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

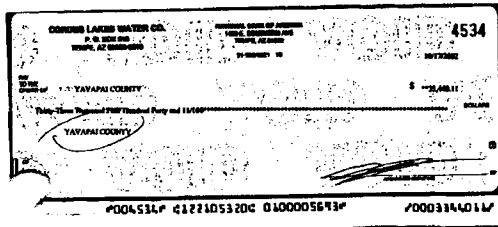
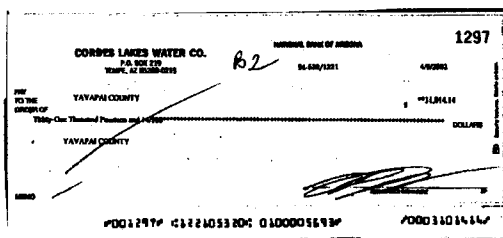
COMPANY NAME CORDES LAKES WATER CO. YEAR ENDING 12/31/2002

### PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002 was: \$ 64,454.25

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_



COMPANY NAME CORDES LAKES WATER COMPANY YEAR ENDING 12/31/2002

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2002 was: \$ 64,454.25

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

COMPANY NAME \_\_\_\_\_

YEAR ENDING 12/31/2002

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>0</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>0</u>
Estimated or Actual State Tax Liability	<u>0</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

\_\_\_\_\_  
SIGNATURE3-24-03  
DATENEIL FOLKMAN  
PRINTED NAMEVICE PRESIDENT  
TITLE



**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**VERIFICATION**

STATE OF \_\_\_\_\_  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME) <b>MARICOPA</b>
NAME (OWNER OR OFFICIAL) TITLE <b>NEIL FOLKMAN VICE PRESIDENT</b>
COMPANY NAME <b>CORDES LAKES WATER COMPANY</b>

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH 12	DAY 31	YEAR 2002
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HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 1,560,248

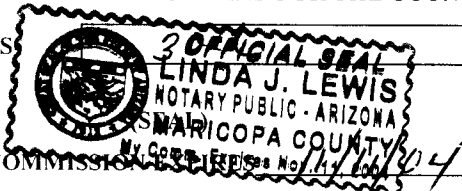
(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 95,550  
IN SALES TAXES BILLED, OR COLLECTED

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



DAY OF

SIGNATURE OF OWNER OR OFFICIAL

480-966-5804

TELEPHONE NUMBER

COUNTY NAME

**MARICOPA**

MONTH

**APRIL 2003**

SIGNATURE OF NOTARY PUBLIC

*Linda J. Lewis*

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY NAME <i>MARICOPA</i>	
NAME (OWNER OR OFFICIAL) <i>NEIL FOLKMAN</i>	TITLE <i>VICE PRESIDENT</i>
COMPANY NAME <i>CORDES LAKES WATER COMPANY</i>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<i>12</i>	<i>31</i>	<i>2002</i>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <i>1,560,248</i>

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ *95,550*  
IN SALES TAXES BILLED, OR COLLECTED

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

*[Signature]*  
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

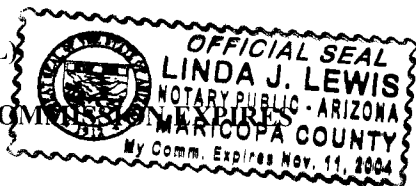
*3rd*

DAY OF

NOTARY PUBLIC NAME <i>LINDA J. LEWIS</i>	
COUNTY NAME <i>MARICOPA</i>	
MONTH <i>APRIL</i>	YEAR <i>2003</i>

(SEAL)

MY COMMISSION



X *[Signature]*  
SIGNATURE OF NOTARY PUBLIC